

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2021/2022

DFA5024 – FINANCIAL ACCOUNTING 2

(All sections / Groups)

29 NOVEMBER 2021

9.00 a.m. to 12.00 p.m.

(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 5 Questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

QUESTION 1

Part A

Olivia owns a bookshop, Oli Books, in Taman Melaka Raya. She uses perpetual system to record the shop's inventory. On 1 October 2021, the company had inventory amounting RM5,200. The following transactions took place in October 2021:

Oct 2	Purchased stationery for RM2,500 from Kedai Alatulis Phua, FOB destination, terms 2/10, n/45. The appropriate party also made a cash payment of RM80 for freight on this date.
4	Sold artwork materials to QQ Drawing Club for RM1,200, FOB destination, terms 1/10, n/30. The cost of merchandise was RM720. The appropriate party also made a cash payment of RM50 for freight on this date.
7	Received credit from Kedai Alatulis Phua for stationery returned, RM300.
10	Purchased new office furniture for cash RM880.
12	Issued credit memo of RM200 to QQ Drawing Club for the return of faulty artwork materials. The materials had a cost of RM120.
13	Received payment from QQ Drawing Club.
21	Paid the amount due to Kedai Alatulis Phua.
30	The inventory on hand was determined as RM6,600 through a physical count.

Required

- Journalise the October transactions including the necessary adjusting entry for inventory. (12.5 marks)
- Show the difference between a merchandising company and a service company on how their record their revenues and expenses. (2 marks)

Part B

The following information was extracted from the Trial Balance of Rapid Resources for the year ended 31 October 2021.

Administrative and selling expenses	RM108,300
Cost of goods sold	266,700
Interest revenue	1,000
Loss on sale of equipment	5,900
Sales returns and allowances	22,200
Sales revenue	444,100

Required

Prepare the multiple-step Statement of Profit or Loss. (5.5 marks)

(Total: 20 marks)

Continued...

QUESTION 2

The books of Victory Badminton Club show the following balances at 31 December 2019:

Subscriptions in arrears	RM2,200
Subscriptions in advance	860
Cash at bank	15,240
Refreshments inventory	5,920
Equipment (net book value)	45,000
Rent owing	1,340

The club also reported the following receipts and payments for the year 2020:

Receipts	RM	Payments	RM
Subscriptions	14,800	Purchases of refreshments	11,640
Sales of refreshments	22,960	Rent	3,000
Sale of old equipment	9,280	Wages	8,400
		Insurance	2,400
		Purchase of new equipment	5,600

The additional information is available for the year ended 31 December 2020:

- Subscriptions in arrears RM1,920; subscriptions in advance RM820
- Refreshments inventory at 31 December 2020 was valued at RM4,400
- Rent still owing RM1,400
- The old equipment sold had a book value of RM8,200
- Equipment is to be depreciated by RM4,240
- 35% of wages is assigned to refreshments staff

Required

- Calculate the Accumulated Fund at 1 January 2020. (2.5 marks)
- Calculate the Cash at bank balance at 31 December 2020. (1 mark)
- Prepare the Refreshments Trading Account. (4.5 marks)
- Prepare the T-account for:
 - Subscriptions to determine subscriptions revenue for the year. (1 mark)
 - Rent to determine rent expense for the year. (1 mark)
- Prepare the Income and Expenditure Account. (4.5 marks)
- Prepare the Statement of Financial Position. (5.5 marks)

(Total: 20 marks)

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QUESTION 3

The following selected transactions relate to XLX Food. The company prepares its financial statements semi-annually.

Jan 7	Sold RM16,000 of merchandise to Yakoot Enterprise, terms 2/10, n/30. Ignore the cost of goods sold.
17	Received payment in full from Yakoot Enterprise.
Feb 1	Accepted Zen Metal's RM24,000, 6-month, 10% note for balance due.
28	Wrote off as uncollectible RM12,800 of accounts receivable. XLX Food uses the allowance method for its uncollectible accounts.
Mar 12	Sold accounts receivable of RM6,000 to AZ Factor. AZ Factor assesses a service charge of 2% of the amount of receivables sold.
Apr 4	Made Visa credit card sales totaling RM5,500. A 3% service fee is charged by Visa.
May 1	Loaned RM30,000 cash to Bestari Trading on a 1-year, 12% note.
Jun 30	Accrue interest revenue on all notes receivable. Accounts receivable on this date total RM1,800,000. The bad debt percentage is 1% of accounts receivable. The balance in the Allowance for doubtful accounts as at 1 January is a credit balance of RM15,000.

Required

- Prepare the journal entries for the above transactions. (12.5 marks)
- Prepare the T-account for Allowance for doubtful accounts. (2 marks)
- One of the accounts receivable written off in February was from Chitra, who owed RM5,000. On 23 July, she was able to pay RM3,800. Prepare the necessary journal entries. (2 marks)
- Journalise the collection of Zen Metal's note at its maturity. (2 marks)
- On 12 March, XLX Food sold its receivables to AZ Factor. Briefly ascertain who is a factor and how does the sale of receivables to a factor work. (1.5 marks)

(Total: 20 marks)

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QUESTION 4**Part A**

Ik Jun Logistics purchased a new delivery van for RM120,000 on 1 April 2020. The van has an expected residual value of RM20,000, and is expected to be driven 125,000 kilometres (km) over its estimated useful life of 8 years. Actual mileage driven were 15,000 km in 2020 and 19,000 km in 2021.

Required

- (a) Compute the depreciation expense under the following methods for the year indicated:
- (i) Straight-line method for 2020. (3 marks)
 - (ii) Units of activity method for 2020. (3 marks)
 - (iii) Double-declining balance method for 2020 and 2021. (4.5 marks)
- (b) Prepare the journal entry to record depreciation for (a)(i). (1.5 marks)
- (c) Ik Jun Logistics incurred the following expenditures on its delivery vans. Classify each of the expenditure below as capital expenditure or revenue expenditure.
- (i) Sales tax on new delivery van purchased
 - (ii) Annual motor vehicle license fee
 - (iii) Insurance to cover possible accident loss on new delivery van while in transit.
 - (iv) One-year accident insurance policy on the delivery vans. (2 marks)

Part B

Below are selected transactions at JS Manufacturing for year 2020.

Jun 30	Sold an equipment that was purchased on 1 January 2017. The equipment cost RM88,000 on that date. It had a useful life of 5 years with no residual value. The equipment was sold for RM28,000.
Dec 31	Discarded a delivery van that was purchased on 1 January 2016. The van cost RM51,000. It was depreciated based on a 6-year useful life with a RM6,000 residual value.

Required

Prepare the necessary journal entries, including entries to update depreciation, where applicable, on assets disposed of. JS Manufacturing uses straight-line depreciation. Assume depreciation is up-to-date as of 31 December 2019. (6 marks)

(Total: 20 marks)

Continued...

QUESTION 5

The financial data of Nuri Jaya Bhd. as at 31 December appear below:

Nuri Jaya Bhd.		
Comparative Statements of Financial Position as at 31 December		
	2020	2019
	RM	RM
Assets		
Property, Plant and Equipment		
Equipment	75,000	87,500
Less: Accumulated depreciation – Equipment	(17,500)	(12,500)
Long-term Investment		
Investments	45,000	16,250
Current Assets		
Inventory	20,250	24,700
Accounts receivable	31,500	27,800
Cash	40,250	22,200
Total assets	RM194,500	RM165,950
Equity and Liabilities		
Equity		
Share capital – Ordinary	96,500	66,500
Retained earnings	52,250	45,500
Non-current Liabilities		
Bonds payable	27,500	37,500
Current Liabilities		
Accounts payable	18,250	16,450
Total equity and liabilities	RM194,500	RM165,950

Additional information:

1. Net profit was RM31,750. Dividends declared and paid were RM25,000.
2. Equipment that costs RM12,500 and had accumulated depreciation of RM2,250 was sold for RM4,375.
3. Bonds were converted at face value by issuing 10,000 ordinary shares of RM1 par.
4. All other changes in non-current account balances had a direct effect on cash flows, except the change in accumulated depreciation.

Required

- (a) Prepare a Statement of Cash Flows for 2020 using the indirect method. (18 marks)
- (b) Provide **TWO (2)** examples of non-cash investing and financing activities. (2 marks)

(Total: 20 marks)

End of Paper